

The Role of Transition Assistance: *The Case of East Timor*

EVALUATION BRIEF NUMBER 1

Summary

RESPONDING TO conflict-inspired devastation, USAID's Office of Transition Initiatives (OTI) played an important role in helping the U.S. Government quickly provide reconstruction assistance and strengthen East Timorese capacity to manage the transition to an independent democratic state. Called upon to provide short-term transition assistance in a sensitive region devastated by civil conflict following East Timor's August 1999 referendum on independence, OTI launched its program rapidly, developing initial grants in November 1999 and establishing a regional office in East Timor in January 2000.

A study by USAID's Center for Development Information and Evaluation (CDIE) found that OTI's rapid-response initiatives played a major role in filling the gap between relief and longer term development programs. The decision to initiate a transition program considered all important guidelines and was undertaken in close consultation with other U.S. entities and donors. Planning addressed logistics and reviewed potential activities collaboratively with the interim government, other funding organizations, and other USAID offices. Potential activities were set within a strategic framework.

CDIE's review also found that the transition assistance provided by OTI in East Timor had a comparative advantage in getting activities underway until more conventional donor activities could begin. OTI's quick action helped stem further instability and economic deterioration. The study identified various implementation problems—lack of spare parts and maintenance for equipment, excessive remuneration, and weak

KEY IDEAS

- Transition assistance has particular advantages in a startup, multi-donor, postconflict situation such as existed in East Timor.
- Responding rapidly may be critical in a postconflict situation to prevent further conflict or instability, outweighing potential costs or risks. The challenge is to address critical needs while minimizing problems and side effects.
- The OTI operation in East Timor proved a distinct and useful model for coordinating USAID assistance in locations that lack a conventional USAID mission.
- Planning for handoff as part of the activity design process facilitates timely handoff. The absence of a clear and consistently applied Agency policy on duration and phaseout of OTI country programs provides flexibility but makes it easier to postpone establishing alternative program management mechanisms.
- The SWIFT contract is especially effective for quick startup, rapid procurement of commodities, and flexible programming.





On August 30th, 2001, over 90 percent of registered voters in East Timor went to the polls to cast their votes for the 88-seat Constituent Assembly. OTI staff served as observers or visited polling centers in several districts.

partner organizations—but concluded that the need for fast action justified the risks. The Support Which Implements Fast Transitions (SWIFT) mechanism, an indefinite quantity contract, proved especially effective for program startup, rapid procurement, and flexible programming.

The CDIE evaluators concluded that the East Timor intervention provided a successful model for USAID intervention in situations that do not call for establishing a conventional on-site mission. Continued slippage in OTI's exit date indicated problems in handing off transitional activities: despite planning for handoff, the lack of more permanent mechanisms for managing initiatives created pressure to retain OTI past its scheduled departure. Lack of a clear and consistent Agency policy on transition program duration further hindered timely phaseout of OTI initiatives. ■

The Case of East Timor

Background

In September 1999, an Indonesian military-backed militia ransacked the province of East Timor. The destruction was triggered by the referendum of August 30, when the East Timorese voted overwhelmingly in favor of independence,

ending Indonesia's unilateral occupation dating from 1975. The conflict destroyed much of East Timor's infrastructure, burning 70 percent of the capital city of Dili and laying much of the province to waste. More than 60 percent—approximately 500,000 people—of the indigenous East Timorese fled their homes.

A UN peacekeeping force arrived in late September 1999. Shortly thereafter, an interim government—the UN Transitional Authority for East Timor (UNTAET)—was established to bring order to the territory and prepare an orderly transition to a democratic government.

In November 1999, OTI launched programs aimed at helping develop the political and economic environment for nationbuilding and transition to full independence. Under general guidance from USAID/Indonesia, OTI established an office in Dili. Its activities drew on implementation assistance provided under the SWIFT mechanism, and included transition employment, community stabilization, and support for the media, civil society organizations, and demobilized East Timorese excombatants.

OTI's quick action helped stem further instability and economic deterioration.

In 2000, CDIE began an evaluation of the general role of transition assistance and specifically of OTI's role and activities. Transition assistance, as used here, refers to the OTI-administered programs providing flexible, short-term responses to help advance peaceful, democratic change. It is usually provided during a postcrisis period when a country is vulnerable to renewed conflict or instability.

As part of this study, CDIE evaluators visited East Timor September 20–22, 2000 to examine OTI programs at the country level and their effectiveness. The evaluators reviewed documents and interviewed representatives of USAID, other

U.S. Government entities, other donors, and USAID-funded contractors and grantees. They also interviewed Washington-based representatives familiar with the OTI programs.

OTI's activities were clearly within the principal strategic goal of strengthening East Timorese capacity to manage the transition to an independent democratic state.

The study 1) sought to determine if the decision to initiate a transition program was made in a transparent fashion and considered appropriate guidelines, 2) analyzed the strengths and weaknesses of the planning process, 3) assessed program implementation, 4) discussed duration and program handoff issues, and 5) determined whether the transition activities achieved their objectives effectively.

Deciding to Engage

Interviews and documents indicated that OTI used the guidelines established to make its decision to allocate scarce transition resources to priority conflict-prone countries. Although not a formal decisionmaking document, the initial assessment provided the principal justification for the transition program. Factors in the decision were

the importance of the East Timor-Indonesia relationship to U.S. interests and the opportunity to establish a stable democratic country in the area. The decisionmaking process leading to OTI involvement in East Timor involved considerable consultation within USAID and with other U.S. entities, including the Department of State.

Planning Transition Assistance

OTI followed up its initial November 1999 program and logistical assessment with more detailed activity planning and implementation. Organizationally, OTI set up its own office in Dili in early FY2000. While East Timor would have a separate program, the USAID/Indonesia OTI head in Jakarta exercised overall authority.

Operational planning identified activities that could be undertaken quickly to support and build on humanitarian relief efforts and address immediate reconstruction and transition issues. Political development priorities included civil society organizations, media, employment and community development, and civic education.

In June 2000, USAID/Indonesia set out an 18-month transition planning framework for assisting East Timor. OTI's activities were clearly within the principal strategic goal of strengthening East Timorese capacity to manage the transition to an independent democratic state. OTI's role was to:

- *Revitalize local economic activity.* OTI's Transitional Employment Program (TEP) contributed to short-term employment and public works efforts until other assistance became available.
- *Strengthen democratic development.* OTI was to support media development, contributing to the establishment of a professional media and dissemination of information on nationbuilding issues. OTI support for indigenous organizations contributed to their participation in the political process and provided civic education.



Backed by the Transitional Employment Program (TEP), East Timorese workers construct a fishpond.



OTI's Transition Employment Program (TEP) included a water project to flood rice fields in the district of Oecussi.

The CDIE evaluators determined that OTI's country program for East Timor identified priority activities that could address reconstruction needs and enable the citizenry to participate in decisions about their future. Planning was carried out collaboratively with the interim government, other funding organizations, and other USAID offices. The strategic planning framework for East Timor, reviewed in Washington in June 2000, integrated all USAID assistance within one country plan.

Although the organizational arrangements functioned effectively in the field, the study identified a concern with program performance monitoring and reporting. OTI monitors program impact separately from the country planning framework, making it difficult to demonstrate progress toward agreed-upon objectives.

Implementing Activities

OTI served as the on-site presence for USAID in East Timor. It played a lead role in coordinating USAID assistance with the interim government, the U.S. embassy officer-in-charge resident in Dili, other donors, and visiting USAID/Indonesia staff. The approach permitted USAID to play an important role in the territory without setting up a conventional mission. The OTI director in Dili had

significant operating discretion that facilitated on-site decisionmaking and implementation.

OTI launched its East Timor program quickly. With the help of the SWIFT staff and U.S. personal service contractors, OTI was able to initiate postrelief activities and procure commodities far more rapidly than other donors or funding organizations. The flexibility of the SWIFT contract facilitated OTI's rapid startup in East Timor. Most assistance was in kind, with materials imported mainly from Australia or Indonesia.

Interviews with representatives from UNTAET, other donors, and local organizations confirmed OTI's ability to start up and to procure materials rapidly. Some local organizations noted problems with initial equipment and the lack of spare parts and repair facilities, but on balance they found the in-kind approach addressed their needs. The evaluators noted that the spare part and repair problems illustrate the dilemma USAID faces when undertaking transition activities in a devastated environment: moving ahead quickly may carry some risk but is important for political and economic reasons.

OTI's country program for East Timor identified priority activities that could address reconstruction needs and enable the citizenry to participate in decisions about their future.

OTI/East Timor coordinated implementation with other donors and funding organizations, including Australia, Japan, Portugal, the United Nations, and the World Bank. The level of coordination contributed to mutual learning and promoted complementarity between initial and future donor activities. Dili is a small community in which

informal coordination and communication networks functioned effectively.

From October 1, 1999 to September 20, 2000, OTI administered 129 grants totaling \$6.7 million for activities in East Timor. Of these grants, \$4.2 million supported TEP; grants of \$937,000 helped build civil society; community stabilization, governance, and media programs received approximately \$500,000 each.

Spare part and repair problems illustrate the dilemma USAID faces when undertaking transition activities in a devastated environment: moving ahead quickly may carry some risk but is important for political and economic reasons.

Handing Off Transition Activities

USAID's initial expectations were that OTI involvement in East Timor would be limited to two years. This expectation proved unrealistic due to various factors, including uncertainty about future USAID involvement in the development of East Timor, strong support by the USAID mission and the U.S. ambassador for a continued OTI presence, congressional support for continuing high levels of assistance for East Timor, and absence of a clear and consistently applied policy on the duration and phaseout of OTI programs.

OTI programs generally considered handoff as part of the design. For example, OTI conceived of the initial assistance for 26 nongovernmental organizations (NGOs) as a short-term effort to enable these organizations to work with UNTAET to determine priorities and address other nationbuilding issues. TEP was specifically designed to provide six months of support until funding from other assistance organizations was available, but it was extended when other funding was delayed. After September 2000, OTI worked actively to hand off media activities by forming a

media working group with the UN, World Bank, other donors, and East Timorese media groups.

Despite planning for it, OTI was unable to hand off its program as promptly as planned, in part because alternative program management mechanisms were not established. Exit plans now foresee OTI's departure in September 2002.

Achieving Objectives

The evaluation found that OTI's transition activities generally achieved short-term objectives of revitalizing local economic activity and strengthening democratic development quickly and effectively. The SWIFT mechanism was particularly useful for accelerating the procurement of materials and equipment for districts where management capacity was often weaker than anticipated. TEP financed salaries, materials, equipment, and tools for projects that included emergency road repair and reconstruction, as well as income-generating activities. In the face of economic devastation and growing unemployment (estimated as high as 80 percent), TEP employed 50,000 East Timorese, engaging them directly in public works activities in all 13 districts and injecting much-needed financial liquidity. Thus, OTI's short-term programs helped stem further deterioration and instability during an interim period when East Timorese expectations were high and other anticipated transition assistance was not yet available.

In the face of economic devastation and growing unemployment, TEP employed 50,000 East Timorese, engaging them directly in public works activities to rebuild their country, and injecting much-needed financial liquidity.

Strengthening democratic development included media support that helped expand news circulation. For example, with in-kind commodity and short-term recurring cost assistance, the *Timor Post* was able to expand its daily print run of 1,000 from

two to six days a week and pursue advertising support. Similar assistance helped launch the weekly tabloid *Lananok* and expand its operations. These and other media support activities helped supply the need for information on nation-building activities during the critical postconflict period.

OTI's ability to target needs, procure materials, and respond rapidly stood out among donors, but was not entirely without problems. OTI's initial grant assistance to local NGOs was important in enabling the local NGO community to work with UNTAET and the international NGOs, but some observers believed that the assistance might have been even more effective if NGOs had been chosen more selectively. TEP provided important benefits—including jump-starting reconstruction, injecting liquidity into the community, and boosting morale—but the maintenance of appropriate incentives required rotation of workers to limit each one's participation and suspension of individual salary payments during the coffee harvest season. ■

Lessons Learned

USAID transition assistance played an important role in helping the U.S. Government respond quickly to the need for reconstruction in East Timor following the postreferendum conflict of September 1999. OTI's initiatives played a major role in filling the gap between humanitarian relief and longer term development programs. The first year's civil society, employment, and media activities effectively began reconstruction and capacity building in the seriously devastated environment.

1 Transition assistance has comparative advantages.

Transition assistance has particular advantages in a



OTI's Transition Employment Program (TEP) provided for the renovation of a community building in Baucau.

startup, multidonor, postconflict environment such as existed in East Timor. In the aftermath of the referendum for independence and the ensuing conflict, USAID was the principal donor able to assess needs, target assistance, and initiate the postrelief reconstruction effort rapidly. Most international and bilateral organizations were unable to respond quickly and flexibly beyond the provision of basic humanitarian relief.

The first year's civil society, employment, and media activities effectively began reconstruction and capacity building in the seriously devastated environment.

By closely coordinating its assistance with that of other donors, OTI was able to get interim activities operating until funding from other donors became available. In this volatile environment, OTI's quick action helped stem further instability and economic deterioration.

2 The need for fast action may outweigh potential risks.

There is a tradeoff between rapid response and risk. Responding rapidly may be critical in a postconflict situation to prevent further conflict or instability.

The need for fast action may also outweigh the potential costs or risks. The challenge is to address critical needs while minimizing problems and side effects. OTI's quick provision of assistance to local NGOs effectively enabled the East Timorese to participate in initial reconstruction and nationbuilding efforts. However, the rapid response also led to implementation problems—including lack of maintenance capacity and spare parts for newly provided equipment—and provoked concerns about recurring costs. On balance, the benefits of helping stem further political and economic deterioration outweighed drawbacks that OTI could address over time.

3 OTI East Timor proved a useful operating model.

OTI's successful operation in East Timor showed that it could serve as a distinct and useful model for coordinating USAID assistance where a conventional USAID mission is absent. OTI served as the on-site presence for USAID in East Timor. It played a lead role in coordinating USAID assistance with the interim government, the on-site U.S. embassy officer in charge, other donors, and visiting USAID/Indonesia staff.

The approach permitted USAID to play an important role in the territory without setting up a conventional mission. It also minimized the coordination and authority concerns observed in other locations where OTI operated within a larger

on-site USAID mission. The applicability of the model elsewhere would depend on various factors, including the size of the country, U.S. foreign policy interests, and the nature of the USAID program.

4 Planning handoff from the outset facilitates timely transfer.

The East Timor experience demonstrates that planning handoff as part of the activity design process makes it easier to hand off activities in a timely fashion. By and large, OTI planned for the handoff of its short-term activities as part of the respective activity designs. This contributed to timely handoff of its first-year initiatives. However, over time the program was extended from two to nearly three years.

Factors contributing to the extension included uncertainty about future USAID involvement in the development of East Timor, strong support by the USAID mission and the U.S. ambassador for a continued OTI presence, congressional support for East Timor, and absence of a clear and consistently applied policy on duration and phaseout. The lack of such a policy provides flexibility, but makes it easier for USAID to postpone establishing alternative mechanisms to manage programs over the long term. Without alternatives for managing OTI initiatives, OTI continues its on-site presence in East Timor.

A clearer policy on the duration of OTI transition programs could facilitate timelier handoff. Such a policy could address the conditions under which programs would be phased out or down as well as the roles and responsibilities of OTI and the regional bureaus (or missions) in identifying and establishing mechanisms for program management.

5 The SWIFT contract enables a rapid response.

The SWIFT contract is especially effective for quick startup, rapid procurement of commodities, and flexible programming. OTI used the Indonesia-based SWIFT contractor staff to help get its transition program in East Timor under way. SWIFT's capacity to rapidly develop specifications



OTI supported the visit of Indonesian journalists to East Timor.

and procure goods and services enabled OTI to aid local NGOs and implement the highly praised employment program quickly and effectively. The SWIFT mechanism was especially well suited for

A clearer policy on the duration of OTI transition programs could facilitate timelier handoff.

providing in-kind assistance to districts where indigenous East Timorese capacity to manage local groups was often weak. The flexibility of the mechanism allowed USAID to adjust programs and deadlines as needed to respond to changing

RELATED PUBLICATIONS
Working Papers on the Role of Transition Assistance The Case of East Timor (PN-ACN-764) The Case of Indonesia (PN-ACN-766) The Case of Kosovo (PN-ACN-768) The Case of Nigeria (PN-ACN-770)
Evaluation Briefs on the Role of Transition Assistance The Case of East Timor (PN-ACN-765) The Case of Indonesia (PN-ACN-767) The Case of Kosovo (PN-ACN-769) The Case of Nigeria (PN-ACN-771)

situations. Other USAID entities could also use the SWIFT contract to implement transition activities. ■

About this publication: This *Evaluation Brief* summarizes USAID Working Paper No. 322, prepared by Jean DuRette of CDIE and Glenn Slocum of Associates for Global Change. Brian R. Furness prepared this issue of *Evaluation Brief*, and IBI—International Business Initiatives, Inc. furnished editorial and production assistance.

To order copies or download: This *Evaluation Brief* and the Working Paper can be ordered from USAID's Development Experience Clearinghouse (DEC). To order or download, go to www.dec.org and enter PN-ACN-765 as the document identification number in the search box. The DEC may also be contacted at 1611 N. Kent St., Ste. 200, Arlington, VA 22209; tel 703-351-4006; fax 703-351-4039; email docorder@dec.cdie.org.

Photo credits: Office of Transition Initiatives, USAID.